

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice SU-68

For: Sugar State Offices and Service Centers

2000 Sugar Payment-In-Kind (PIK) Program Crop Insurance Compliance

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Background

Notice SU-60 provided that land planted to sugar beets for which the producer received a crop insurance indemnity payment or a replant payment is not eligible to be diverted under the 2000 Sugar PIK Program.

Notice SU-64 provided State Offices and Service Centers with instructions for:

- accessing a list of accepted bids
- reviewing and correcting offer data
- approving CCC-744's
- processing producer certification of sugar beet acreage offered for diversion under the Sugar PIK Program and accepted by FSA.

Producers with accepted bids were notified of the requirement to report to FSA the exact location of the sugar beet acreage to be diverted under the 2000 Sugar PIK Program. Notice SU-64 provided that producers shall submit a field map or photocopy to the applicable Service Center that indicates:

- delineation of the diverted sugar beet acreage to provide the exact location
- farm number or numbers (CCC-744, item 14)
- tract number or numbers (CCC-744, item 15)
- field number or numbers (CCC-744, item 16).

The map shall be attached to CCC-744.

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Disposal Date	Distribution
June 1, 2001	Sugar State Offices; State Offices relay to Sugar Service Centers

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1 Overview (Continued)

B

Purpose

This notice provides Service Centers with policies and procedure for conducting crop insurance spot-check activities for the 2000 Sugar PIK Program.

2 Compiling RMA Data

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RMA Data

Based on data provided by RMA, the National FSA Office has compiled a list of producers for which both of the following apply:

- CCC-744 was accepted
- an insured loss on sugar beets is indicated on the RMA data for the same ID number for which CCC-744 was accepted.

Note: No producers in Idaho, Ohio, or Utah met both the preceding criteria. Accordingly, no lists will be provided to those State Offices.

Service Centers shall use the list to conduct spot checks to ensure producers did not receive a crop insurance indemnity or replant payment on the same acreage diverted under the 2000 Sugar PIK Program.

Important: The RMA data indicates only that the producer reported a loss on sugar beet acreage. The data does not identify:

- the specific acreage for which the loss was reported
 - whether a crop insurance indemnity or replant payment was issued.
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3 Selecting Producers

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Random Selection

The number of producers selected shall be the greater of the following for the applicable county:

- 15 producers
 - 15 percent of the producers listed.
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3 Selecting Producers (Continued)

A Random Selection (Continued)

Service Center shall spot-check a random sample of producers from the list provided using the following.

Step	Action
1	Select a number between 1 and 7.
2	Spot-check the producer for the number selected in step 1 and every subsequent 7 th producer listed.

Example: The list of applicable producers for Jackson County includes 100 producers.

Step	Result
1	Number 3 is selected.
2	Jackson County will spot-check the 3 rd producer listed and every 7 th producer on the list. In this example, the 3 rd , 10 th , 17 th , 24 th , 31 st , etc. producer listed would be spot-checked.

All producers listed who are FSA employees are required spot checks. FSA employee required spot checks are in addition to the 15 percent random spot checks.

4 Crop Insurance Data

A Requesting and Reviewing Data

The RMA data used to compile the lists indicates only that the producer reported a loss on sugar beet acreage. The data does not identify:

- the specific acreage for which the loss was reported
 - whether a crop insurance indemnity or replant payment was issued.
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4 Crop Insurance Data (Continued)

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Requesting and
Reviewing Data
(Continued)

For the producers selected according to paragraph 3, Service Center shall:

- contact the producer to obtain the name of the crop insurance agency to which the crop loss reported
- contact the applicable crop insurance agency to:
 - determine whether a crop insurance indemnity or replant payment was issued
 - obtain the exact location of the sugar beet acreage in the unit for which the crop insurance payment was issued, if applicable.

Note: An insurance indemnity may have been paid on acreage in a unit, but not on the specific acreage diverted under the Sugar PIK Program. If so, no violation occurred.

Producers that received a crop insurance indemnity or replant payment on the sugar beet acreage diverted under the 2000 Sugar PIK Program are violating the terms and conditions of CCC-744. See paragraph 5.

5 Violations

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Refunds and
Liquidated
Damage
Assessments

Producers found violating the terms and conditions of CCC-744 shall:

- refund the value of the CCC inventory sugar approved under CCC-744 for the acres found in violation
- be assessed liquidated damages in an amount equal to 3 times the value of the CCC inventory sugar approved under CCC-744 for the acres found in violation.

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5 Violations (Continued)

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Refunds and Liquidated Damage Assessments (Continued)

The liquidated damages are in addition to a refund of the value of the CCC inventory sugar approved under CCC-744 and may be in addition to any other damages or amounts due that result from the violation.

Example 1: Mr. Brown's offer to divert 20 acres of sugar beets under the 2000 Sugar PIK program was accepted. Upon spot-check, the Service Center discovers that Mr. Brown received a crop insurance replant payment for 10 of the acres accepted. All other requirements were met. The Service Center shall request a refund of the value of the CCC inventory sugar and assess liquidated damages on the 10 acres in violation.

Example 2: Mrs. Smith's offer to divert 12 acres of sugar beets under the 2000 Sugar PIK program was accepted. Upon spot-check, the Service Center discovers that Mr. Smith received a crop insurance indemnity payment for 4 acres of the diverted sugar beets. All other requirements were met. The Service Center shall request a refund of the value of the CCC inventory sugar and assess liquidated damages on the 4 acres in violation.

Refunds and liquidated damages only apply to and shall be calculated according to the number of acres found in violation.

Example: The value of CCC inventory sugar approved on CCC-744 was \$1,400 per acre. The total number of acres accepted on CCC-744 was 12 acres. A contract violation is determined on 4 acres. The amount assessed for liquidated damages is \$16,800 (3 times \$1,400 times 4 acres). In addition, the producer must refund the value of the CCC sugar awarded, which is \$5,600 (4 acres times \$1,400). In this example, the producer shall pay a total of \$22,400 for the violation.

Neither COC or STC is authorized to waive or reduce the amount of refund or liquidated damages without prior approval from DAFP.

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6 Action

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State Office Action

State Offices shall:

- immediately provide Service Centers with 2000 Sugar PIK offers a copy of:
 - this notice
 - the applicable list of producers when received from the National Office.
- ensure that applicable Service Centers complete producer spot checks by March 16, 2001
- notify DAFP of all violations.

Notes: Notifications shall be FAXed to DAFP, Attn: Virgil Ireland at 202-720-3610.

Negative reports are required.

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Service Center Action

Service Centers shall:

- conduct a spot check of applicable producers according to this notice no later than March 16, 2001
 - request refunds and assess liquidated damages according to paragraph 5 when program violations are discovered
 - notify the State Office of all violations.
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